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JORGE RISQUET MEETS WITH TANZANIAN LEADER

FL240114 Havana Television Service in Spanish 0000 GMT 24 Jul 87

[Text] Jorge Risquet Valdes, member of the Communist Party of Cuba Central Committee Politburo, received today (Mwinyi Maryo), member of the Chama Cha Mapinduzi Party [Revolutionary Party of Tanzania], in the friendly atmosphere that characterizes relations between Tanzania and Cuba. They exchanged views on the international situation, especially in southern Africa. The Tanzanian leader and the delegation accompanying him are paying a friendship and working visit to our country.

CASTRO DISCUSSES ROLE OF FAMILY DOCTORS

FL242202 Havana Radio Rebelde Network in Spanish 1700 GMT 22 Jul 87

[Text] Commander in Chief Fidel Castro chaired the second family doctor's meeting held at the CTC's [Confederation of Cuban Workers] Lazaro Pena Theater in which he talked with several of the doctors involved in the health promotion movement.

In a discussion of geriatric treatment and of generalized physical fitness among the people, Fidel expressed interest in the better use of professors who have graduated in that specialty. He said the graduates must be incorporated into polyclinics, as part of the health goals pursued through physical assistance to the elderly and other sectors of the population who require it for health reasons. Another topic discussed was the contribution of the family doctor to the early detection of breast cancer, the main cause of cancer deaths in women. On this subject, Fidel pointed out the possibility of combining these efforts with mammography, a method that is costly but the most accurate.

Wilfredo Alleyne, family doctor of the Guanabacoa Polyclinic, explained the work done there through the application of acupuncture for certain illnesses. This led to questions from the commander in chief, and Professor Perez Carballa said he is preparing a book on acupuncture for the family doctor.

On the subject of the selection of model doctor's offices, Fidel asked whether it does not involve excessive bureaucracy. Central Committee Secretary Jose Ramon Balaguer, said the main criteria for granting that title is for the doctor's office to fully meet all the requirements and, above all, for it to have earned a favorable rating among the people.

At one point in the meeting, the commander in chief became involved in a discussion of the possibility of having married family doctors work together.

[Begin recording] [Castro] We have always tried -- and I have always said it to De la Torre [not further identified] -- whenever possible, to keep married couples together. This is as long as it is possible. In your case, if she [the doctor's wife] is in Holguin, if she's there, the world would not come to an end if we have one less doctor in Havana by sending you to work in Holguin. Right, in fact, if you wish, we could look for a vacancy, and you could go to Holguin for 1 year.

Do you want to be a family doctor there in Holguin?

[Speaker] If I could be with her, I would go for 1 year, 2 years, whatever is necessary.

[Castro] Very well, very well. And is she also willing to be there for as long as necessary?

[Speaker] Of course. After all, our problem is to be together.

[Castro] What do you think is a reasonable amount of time? A couple of years in Holguin?

[Speaker] Well, look, Commander, that depends on the institute, because the institute states she has to go back when she completes her internship. that is not up to me, but...

[Castor, interrupting] She has to go back, because everyone has to go back.

[Speaker] Exactly.

[Castro] I have asked you what she is going to do. If you tell me she is going to be a pediatrician -- but you told me she is going to be the same as you, a family doctor -- you can be assigned together in Holguin, and as long as you are serving as family doctors there, the only thing we would have done is deprive Havana of one family doctor. [end recording]

CASTRO TOURS THERMOELECTRIC POWER PLANT

FL250055 Havana Television Service in Spanish 0000 GMT 25 Jul 87

[Text] Commander in Chief Fidel Castro, first secretary of the Communist Party of Cuba and president of the Councils of State and Ministers, has toured the eastern Havana thermoelectric power plant. Construction and assembly of its first 100-megawatt unit has been completed. The commander in chief showed interest in the plant's second unit, which will be the most powerful in the country with a capacity to generate 1,300 megawatts. This is more than twice the amount generate 1,300 megawatts. This is more than twice the amount generated by the Mariel plant.

The cost of this first stage surpassed 142 million pesos, including equipment building and assembly. Over 2,000 construction workers participated in this project built in cooperation with the Soviet Union. This first unit will be connected to the national power system within the next few days.

VEIGA ATTENDS TRADE UNION MEETING IN LAS TUNAS

FL241804 Havana Tele-Rebelde Network in Spanish 1100 GMT 24 Jul 87

[Text] The third plenary meeting of the Las Tunas Province CTC [Central Organization of Cuban Trade Unions] was attended by Roberto Veiga Menendez, member of the Communist Party of Cuba Politburo and CTC secretary general. During the meeting, the trade union leader said that increased quality and fulfillment or overfulfillment of plans by using the resources available should be the main focus of preliminary guidelines for 1988. The workers plenum in Las Tunas also agreed to institute a bonus for workers who complete 25-30 volunteer hours during the remainder of the year. This proposal was made to mark the province's report, which will be presentd at the next regular session of the National Assembly of the People's Government.

DOMINICAN REPUBLIC

SANTO DOMINGO'S STREETS 'NEARLY DESERTED'

PA281526 Paris AFP in English 1459 GMT 28 Jul 87

[Text] Santo Domingo, Jul 28 (AFP) -- Union leaders, rejecting a last minute appeal from Dominican President Joaquin Balaguer, began a 24-hour general strike Tuesday morning to press a series of wage demands.

The unions, demanding an increase in the monthly minimum wage to 400 pesos (121 dollars) and scaled increases of all salaries under 1,500 pesos (460 dollars), rejected a final offer by Mr. Balaguer late Monday and launched the strike at 6:00 A.M.

Public transportation was virtually at a standstill and the streets of Santo Domingo were nearly deserted early Tuesday, with most stores keeping their shutters down.

Despite reports that some people burned tires and threw nails onto the streets overnight in poorer neighborhoods of the city, the strike began Tuesday in relative calm.

Mr. Balaguer, in a televised speech late Monday, reiterated an earlier offer of a 10 per cent increase in the current 250 peso (75 dollar) minimum wage and called union demands "unjust."

He said the government was engaged in a public work's program and could not redirect funds to raise the minimum wage. He said the unions should direct their demands to the private sector "which works for its own profit."

Business representatives have offered to increase the minimum wage to 325 pesos (98 dollars) for employees of companies with more than 100,000 pesos (33,000 dollars) in capital and to 275 pesos (83 dollars) for workers at smaller private firms.

Mr. Balaguer also urged union leaders to conduct the strike in a "civilized" manner, recalling that he had ordered his troops to the barracks during the action.

The union leader called Mr. Balaguer's speech "frustrating," but said the strike would be "peaceful and non-political."

HAITI

ANTIGOVERNMENT DEMONSTRATIONS CONTINUE

Groups Participate in Rally

FL281741 Port-au-Prince Domestic Service in Creole 1300 GMT 28 Jul 87

[Excerpt] On the occasion of 28 July, the date the Americans landed in the Republic of Haiti in 1915, the People's National Assembly and many other organizations have gotten together to organize a big rally at 1600 today, Tuesday, 28 July 1987, on Charlemagne Peralte Square on the Bicentennaire, in front of what used to be Colombus Quay.

These organizations include the Confederation for Democratic Unity; League of Former Political Prisoners [Ligue des Anciens Prisonniers Politiques -- LAPPH]; Autonomous Central of Haitian Workers; Students Affairs [Zafe Elev Lekol -- ZEL]; KAB [expansion unknown]; KRCPH [expansion unknown]; AJEB [expansion unknown]; Rural Womens Defense League [Ligue de Defense de la Femme Rurale -- Lidefer]; MJL [expansion unknown]; National Organization for the Defense of the Young [Organisation Nationale de Defense de la Jeunesse -- Ornadej]; Association of Bourdon Youths [Association des Jeunes de Bourdon -- AJEBO], and there will be special participation by committed artists such as Manno Charlemagne. [passage omitted]

Catholics Condemn Military

FL281715 Port-au-Prince Domestic Service in Creole 1300 GMT 27 Jul 87

[Text] In a press statement, a group of priests, monks, nuns, and laymen who work among the masses in diverse dioceses in Haiti condemns all the Army's bloody acts since Wednesday, 22 July, directed against the civilian population of Port-au-Prince, Cap-Haitien, and Les Cayes. Unarmed civilians have been demonstrating, demanding freedom and justice and supporting all the changes the Haitian people need. They remind all the National Government Council's [CNG] friends that the leaders of that army are the ones who just swore they would respect the Constitution. They say to all the victims of the aforementioned acts: take heart and don't anyone dare drop the struggle that will bring true democracy to Haiti.

They urge all members of the press struggling at the people's side to continue to perform for the Haitian people their important service by giving accurate information. This information is helping the people strengthen their determination and organize themselves better, so they will not longer remain under the power of any dictatorship. They also take the opportunity to tell the missionaries in Jean-Rabel that they are suffering with them, struggling at their side, and praying with them. They are presenting to God in their prayers all the cries of the peasants and all the pain of victims' families. They denounce all disorderly conduct aimed at the continued exploitation and abuse of the population. They express the hope that the entire population of Jean-Rabel will attain serenity and harmony based on justice and respect for human rights.

They say they will continue to reflect and to pray and to struggle to help the people God has asked them to serve to get out from under the claws of all foreign powers and all Haitian authorities who might try to take from it the dignity God gave it.

As we just said, a group of priests, monks, nuns, and laymen sent us that statement. Among them are: Sister (Gisele Chaperon), Father Gerard Nicolas, Sister (Josette Moline), Father (Descieux Predelus), Sister (Rachele Albar), Sister (Mesina Paulemon), and Sister (Marie Joseph Simar).

Priests, Nuns Demonstrate

FL282257 Port-au-Prince Domestic Service in Creole 1300 GMT 28 Jul 87

[Text] At around 0800 yesterday 120 priests and nuns met at the nuns' convent in Bourdon to begin a march to show their solidarity with the demands of people asking for the National Government Council [CNG] to leave power. The march began at the convent of the Soeurs de la Charite de Saint Louis and ended at Notre Dame de Perpetuel Secours Chapel in Bel-Air, where a Mass was concelebrated by 11 priests.

During the Mass, Father Antoine Adrien, the main celebrant, did not fail to speak of the current situation in Jean-Rabel and in Gros Morne, where he asked all peasants to take a few moments to think so they might realize they are human beings and should be like human beings who are really living. They must not allow people who do not think like them into their midst to sow division among them. They must have the courage, continued the priest, to put such people out, as they would a bad seed that refuses to show the positive characteristics God meant for it to show. It is in that sense that they declare their solidarity with all the people working to effect a true change, without improprieties.

Later in the Mass, the priests thanked Msgr Willy Romelus for his statement in which he asked the government to resign and hand power over to another government, which will respect the people's Constitution and human rights so another government can be installed and begin democracy the way everyone wants it; so honest elections can be held; and so the people can have a government it chooses itself. It was said during the Mass that no one should choose the government for the people; the people are adults and know what they want.

The Mass ended with a declaration on the situation of the Haitian people and peasants. An accusation was made against Father Jean-Marie that he is the cause of all the disorderly acts committed at present in Jean-Rabel. Father Jean-Marie was to have appeared in court yesterday morning, but he was not here. He is out of the country, said the priests.

They are trying to sully the Church, just as they are trying to slander good citizens working to effect a positive change in Haiti.

In conclusion, the priests said during the Mass, there is talk of communists at the drop of a hat. And that is how Duvalier used to act to be able to abuse and to make martyrs of the Haitian people for the 30 years he spent in the Haiti Government.

PANPRA Accuses CNG of Treason

FL281814 Port-au-Prince Domestic Service in Creole 1300 GMT 27 Jul 87

[Text] We have a statement from the National Progressive Revolutionary Party of Haiti [Parti National Progressiste Revolutionnaire Haitien -- PANPRA]. PANPRA says the Haitian people, which are demonstrating peaceably in defense of the Constitution and for the holding of free and democratic elections under a new government, have been the victim of an escalation of violence since last 22 June. The CNG, which under the Constitution is guilty of the crime of high treason, is protracting the methods of the Tontons Macoutes and is committing a series of unconstitutional and criminal acts: a decree regarding elections, which reveals the CNG's contempt for the people; then, repression of the civilian population, where the army simply checkered the entire country; repression of the press, with arrests, attempted assassinations, and confiscation of the working material of journalists exercising their profession; and more.

According to the PANPRA press statement, reliable sources report the government is plotting against three leaders of the group of 57 organizing strikes and demonstrations -- Serge Gilles, Victor Benoit, and Jean-Claude Bejeux -- as well as against several other defenders of the Constitution in Haiti. The plan also calls for arresting and exiling many Haitian democratic leaders, professionals, and people involved in the defense of human rights.

In view of this threat, PANPRA alerts national and international public opinion and asks the Haitian people and all democrats throughout the world to stand with it, with the true patriots, to say "no" to the Macoutes and to the fascists. The PANPRA's coordination office has taken measures to step up the vigilance and mobilization of PANPRA militants and warns its friends and allies that there is a serious threat hanging over the head of the Haitian nation.

The PANPRA statement is signed by Andre Brutus and (Anselo Venor).

'State of Seige' in Jeremie

FL282141 Port-au-Prince Radio Metropole in French 1600 GMT 28 Jul 87

[Text] There have been many troops in Jeremie since yesterday. Many shots were fired last night, and, according to a report from our correspondent Ertho Zamor, people are very upset in Jeremie this morning. The stores and public offices in town did not open.

[Begin Zamor recording in Creole] As has been reported, the members of the Haitian Army in Jeremie have taken their positions. They decreed a state of seige yesterday under which people could not leave their houses. According to a communique from the military, people (?who take) to the streets -- whoever they are, journalists or not -- are bums who want to hand the country over to the communists.

They fired on Pierrot Marcel, a philosophy class [the final class in secondary school] student from Lycee Nord Alexis, who barely escaped. They fired on the residence of Frankel Valentin, Radio Soleil's correspondent, whose mother almost died when a bullet pierced the wall and barely missed killing her. They fired weapons in the yard of Ertho Zamor, Radio Metropole's correspondent. They also fired tear gas into his yard, and a 1-year-old child almost choked on the tear gas. The state of seige lasted until 0300.

The people are very worked up. The Army has arrested (Makil Appolon), a member of the revolutionary committee (KOREGAN) [expansion unknown]. The city is being patrolled by the military. However, this has not stopped people from taking to the streets. I cannot really describe how tense the situation is in Jeremie. Public offices are closed and stores did not open. [end recording]

'57' Calls for 29 Jul Protest

FL282211 Port-au-Prince Radio Metropole in Creole 1600 GMT 28 Jul 87

[Special Communique No 1 from the Committee of the 57 dated Wednesday, 29 July and Thursday, 30 July]

[Text] On Wednesday, 29 July, the organizations and groups in the different towns, communes, and communal sections are to get together with the people in each locality to begin uninterrupted demonstrations against the Macoutes. We must make the Macoutes throughout Haiti understand they don't have a chance in hell and had better retreat.

In Port-au-Prince, a huge, peaceful, anti-Macoute demonstration under the banner of unity and cooperation will begin at precisely 1000 in front of Perpetual Help [church] in Bel-Air. The march will end at the Occide Jeanty Bandstand on the Champ de Mars.

The group of 57 organizations invites all rational Haitians, all patriots, and everyone who is against the Macoutes to come and participate in the demonstration to show clearly we do not want the Macoutes to reestablish a foothold in Haiti and so we can snatch the date of 29 July out of the hands of those criminals, who abused the country for 30 years.

PDCH Supports 29 Jul Protest

FL281556 Port-au-Prince Domestic Service in Creole 1300 GMT 28 Jul 87

[Text] We have a note from the Haitian Christian Democratic Party [PDCH].

The PDCH secretary general's office compliments all the party's grassroots committees, which are working hard throughout Haiti so a pluralist democracy can become a reality here.

Also, the PDCH general secretariat asks all grassroots committees to participate actively in the big demonstration the Coalition for the Final Struggle is organizing nationwide for Wednesday, 29 July. The main purpose of that demonstration is to demand the immediate resignation of the National Government Council. All people should take to the streets on 29 July 1987.

The note is signed by Secretary General Joachim Pierre, Deputy Secretary General (Alexandre Hasard), and Assistant Secretary General Menard Charles Robert.

LA REPUBLICA VIEWS ORTEGA'S ICJ PROPOSAL

PA241923 San Jose LA REPUBLICA in Spanish 14 Jul 87 p 16

[Editorial: "The Out-of-Court Settlement Proposed by Ortega]

[Text] According to dispatches, during a lunch held in San Juan del Sur following the inauguration of the Penas Blancas Customs and Immigration Offices, Commander Daniel Ortega insisted there was a possibility of reaching an out-of-court settlement with Costa Rica regarding the charges made by Nicaragua against our country at The Hague's International Court of Justice. Ortega's condition for such an out-of-court settlement was an agreement by Costa Rica to establish a "security area" along our northern border.

On this subject, there are two points that are not sufficiently clear: a) Ortega's proposal for an out-of-court settlement has not been spelled out entirely as, up to the time this editorial was written, the proposal had not been presented officially; and b) It has been unofficially reported that the ministers of health and exports were present at the meeting where Ortega informally proposed his formula to "negotiate" the withdrawal of Nicaraguan charges at The Hague's court.

It is evident the commander, in his after-dinner speech, made the proposal that has been given to the press. Evidently, he wanted to close the big meal with an appetizing political dessert.

Ortega's proposal is unacceptable because to accept it would be equivalent to accepting that our northern border is not secure for Nicaragua. Also, in the international community's eyes, acceptance would indicate we had lost the case.

The commander's proposal is also unacceptable because it does not respond to the facts. The secure strip of land he wants has existed for many months, to the extent that, in violation of our Constitution, the Public Security Ministry prohibits the free transit of Costa Ricans in that region. An international force could do nothing more in that area. Thus, the request of the insolent Nicaraguan had no other objective than to portray Costa Rica to the world as having confessed to the charges Nicaragua has made at The Hague and as a country that has been intimidated by its accusations.

This is not the first time Ortega has said he wants a demilitarized and secure border so international forces may come in to cover his back because the EPS cannot effectively do so. If some men pass through this country to fight the EPS, the EPS is not able to avoid or stop them.

If it is true the ministers of health and exports traveled to Nicaragua to "negotiate" the withdrawal of their charges in The Hague, we believe that it was incredibly stupid to do so and that Ortega's response was well deserved and to be expected.

The commander knows Minister [Hernan] Garron does not let constitutional details stop him from preventing the rebels from traveling from Costa Rica to Nicaragua, and the commander wants to get the most out of the situation he created. The deadline for Nicaragua to formalize charges is almost up; let the commander make the decision he considers best for the area's peace. Let us avoid more complications than those we will face at the International Court.

Ministry Answers Editorial

PA241655 San Jose LA REPUBLICA in Spanish 16 Jul 87 p 5

[Text] The Foreign Ministry Press Directorate has sent the following note to LA REPUBLICA regarding an editorial published by our newspaper:

Regarding the editorial entitled "The Out-of-Court Settlement Proposed by Ortega," published by this important daily on Tuesday, 14 July, we would like to clarify that it is absolutely false and groundless that the Costa Rican delegation that attended the inauguration of a building in Nicaragua, close to our border, had plans to negotiate the withdrawal of the unjust and inadmissible charges made by the Sandinist regime against Costa Rica at the International Court of Justice [ICJ] at The Hague.

In this respect, the Costa Rican position has been clear, has not changed, and will not change. This has been demonstrated by the fact that neither the president nor the foreign minister attended the "ceremony in which Ortega informally presented his formula." The health and foreign trade ministers attended strictly for protocol reasons.

As the editorial states, this is not the first time, but just another of the many occasions on which the Managua government has proposed measures seeking to transform the Nicaraguan and Central American problem into a simple bilateral conflict.

There have also been many occasions in which the government has openly rejected such suggestions. The journalist who wrote the editorial should remember that in the speech given by Foreign Minister Rodrigo Madrigal Nieto before the honorable members of the San Jose Rotary Club on 20 November 1986, he warned -- referring precisely to this same subject -- "it is essential that Costa Rica reject all attempts by the Sandinists to turn their internal political problem, in which our country has no participation, into a bilateral border conflict; in so doing, the Sandinists would try to tell the world that our neutrality is not so strict and that a border security zone should thus be established to guarantee this neutrality." The journalist who wrote the editorial agrees with this point of view.

In this sense, it seems very surprising -- and could ultimately be counterproductive -- that a newspaper like LA REPUBLICA gives credit to them and to a certain extent expresses doubts about the clear position Costa Rica has always maintained on the proceedings presented at the ICJ. Costa Rica will continue this position with the same determination with which it has defended the causes of justice, peace, and democracy.

DEFENSE MINISTER DELIVERS REPORT TO LEGISLATURE

Details Army Casualties

PA261621 San Salvador Canal Doce Television in Spanish 0200 GMT 24 Jul 87

[All figures as heard]

[Text] Defense Minister General Carlos Eugenio Vides Casanova, reporting to the Legislative Assembly, announced that the Army has suffered 2,706 casualties this year and that the number of its troops has increased 1.7 percent. He said that if war is a business for some, it is also a business for the media.

The defense minister spoke to the media following his report to the Legislative Assembly.

[Begin Vides Casanova recording] I think we could say the same of the media: News is business for the media. This is why it is always pushing everybody to fight: So it has some news to report. What we have said is that if [words indistinct] an interruption by the Armed Forces to let us know. In the past, I have asked [U.S.] Ambassador Corr, in your presence if it is true that military aid has come to the country in cash. Not a cent has come. What we do is determine specific things. [sentence as heard] [end recording]

Regarding labor union activities, General Vides Casanova said we cannot ignore the law or fail to abide by it.

[Begin Casanova recording] I believe we currently have needs. The important thing is to find a point of equilibrium and for workers to understand that if enterprises go bankrupt, they will lose their jobs. They may get 10 salary increases, but if the enterprise goes bankrupt, they will have problems in the future. This is why I believe that as they set violent attitudes aside and, as somebody has said, work as they talk, the real possibilities for increases may be determined, I believe an agreement can be reached in the future. [end recording]

Speaking at the Legislative Assembly, the minister said the number of army troops has increased 1.19 percent over last year. He also announced there have been 67 commander and 397 officer promotions. During [1987], the Army suffered 2,706 casualties, including 459 dead, 2,234 wounded, and 13 missing. He also said the subversive forces suffered 3,448 casualites, including 900 dead, 715 wounded, 1,673 captures, and 150 desertions.

FMLN Labor Group 'Infiltration'

PA280033 San Salvador LA PRENSA GRAFICA in Spanish 24 Jul 87 p 3

[Excerpts] The infiltration by FMLN elements in labor movements is a manipulation of the working class by subversives.

The above-mentioned was said yesterday by Defense and Public Security Minister General Carlos Eugenio Vides Casanova when he presented his report before the Legislative Assembly.

The minister of defense was accompanied by Carlos Reynaldo Lopez Nuila, vice minister of defense for public security, and General Adolfo O. Blandon, chairman of the joint chiefs of staff. [passage omitted]

Gen Vides Casanova pointed out that the subversion is directed and financed by countries near and far; it has increased its strategy of bloodshed and sorrow against the civilian population by murdering innocent citizens, indiscriminately kidnapping people, and destroying private property that our people have worked hard to obtain. [passage omitted]

In answering reporters' questions, the defense minister reiterated his call to those labor sectors that prefer destruction as a mechanism to make their social claims, rather than using the legal instruments that -- although not perfect -- are a possibility for a solution to the work problems and the necessary balance between the workers and the employers. He also urged the workers to consider these wrong attitudes and to prevent themselves from being manipulated by the interests of the subversion utilizing them to harm the Salvadoran people who love peace, freedom, and work.

NEW 'RIGHT-WING' CLANDESTINE STATION BROADCASTS

PA272213 Hamburg DPA in Spanish 1919 GMT 25 Jul 87

[Text] El Salvador, 25 Jul (DPA) -- A clandestine radio of extreme right-wing orientation, as political circles called it, appeared today in El Salvador. It identified itself as Radio "Truth" [Radio "La Verdad"]. It was said the radio may be used to attack the Christian Democratic regime or as a voice of "death squads," judging by the anticommunist accusations it is broadcasting.

The station said it will broadcast daily on FM at 106 MHZ at 0300, 1200, 1800, and 2000 (local time).

During its first broadcast today it accused the expected presidential hopefuls of the Christian Democratic Party, including Julio Adolfo Rey Prendes, Fidel Chavez Mena, and Jose Antonio Morales Ehrlich, who are officials in the Duarte administration, of using government vehicles for campaigning. It also accused Herbert Anaya, secretary general of the nongovernmental Human Rights Commission, "of being one of the country's biggest misinformers abroad and of accusing officials and military men of unconfirmed offenses." The radio accused him of being a commander of an extreme-left armed organization, which for the past 7 years in this country meant sentencing him to death.

The station, which reportedly reads items similar to those of the contras' Radio Libertad, asked the Duarte administration what it is waiting for to act against the so-called popular organizations that want the country to return to the era of 1979 and the years following, which were the hardest of the civil war in this country.

In El Salvador, the clandestine radios "Farabundo Marti" and "Venceremos" currently operate with much difficulty due to interference. Venceremos is the more regular of the two and identifies itself as the official voice of the FMLN.

The appearance of this station, described as extreme right-wing by people who sent an initial recording to DPA, has caused the most diverse kinds of comments.

COSTA RICA'S ARIAS DISCUSSES VISIT, PEACE PLAN

PA271632 Tegucigalpa Cadena Audio Video in Spanish 1130 GMT 27 Jul 87

[Report by Edras Amado Lopez and David Romero]

[Text] Costa Rican President Oscar Arias Sanchez has continued his Central American tour to learn the viewpoints of the area presidents on the peace plan proposed by the Costa Rican Government.

Yesterday, after meeting with Nicaraguan President Daniel Ortega in Managua, Arias arrived in Tegucigalpa, where he met with President Jose Azcona Hoyo for 1 hour and 30 minutes. According to Arias, the purpose of his visit was to learn the Honduran Government's viewpoints or objections to his plan.

Here is part of the impromptu news conference granted by the Costa Rican president:

[Begin Arias recording] In general terms, I am glad the foreign ministers will soon meet here with the foreign ministers of the Contadora Group to analyze our peace proposals. That meeting will be followed by another foreign ministers' meeting in Guatemala prior to the presidential summit. I believe that overcoming some obstacles -- which has not been easy -- and holding a foreign ministers' meeting to try to reach agreements on points where a consensus can be reached will make it possible for the presidents who will meet in Guatemala to advance more quickly toward achieving peace, a peace all Central American peoples earnestly desire. [end recording]

Asked if his Central American tour was due to a possible boycott or failure of the Arias peace plan, he said:

[Begin recording] [Arias] Well, I have been very realistic on this matter. However, I am also optimistic, because the Central American peoples are hoping the presidents will have the necessary good sense to overcome the problems, obstacles, and impediments that have prevented peace so far. There can be no economic development in the area without peace. However, Costa Rica also believes peace is not possible without democracy. Therefore, we have stressed the importance of democracy as a necessary factor for achieving lasting peace.

[Reporter] How has Nicaragua received your proposal?

[Arias] I was surprised to learn Managua had several observations on our peace proposal. I was surprised because the Managua Government previously had expressed its support of the peace proposal in general terms. However, in analyzing the points in our peace proposal more deeply, the Managua Government also has some questions and observations on our peace initiative.

[Reporter] Your peace proposal calls for general disarmament. Is this feasible?

[Arias] Well, we must again note that the military struggle continues because there is no willingness to comply with the agreements. I believe this matter will be discussed frankly at the presidential summit. It it not merely a matter of signing an agreement. There should be real willingness and desire to fulfill the commitments. Undoubtedly, this means military activities should cease and should be replaced by dialogue and negotiation.

[Reporter] Is your government's peace proposal feasible, when U.S. pressures to prevent its success in Central America are evident?

[Arias] We will find out in the next few days. If the five Central American countries really show they are willing to reach an agreement that will bring peace to the area, we will find out if the rebel forces currently fighting will give up their armed struggle. At least, I am sure the contras would give up the struggle. I do not, however, know if the Salvadoran guerrillas would be willing to do the same. Here again, the two parties must show the necessary interest in achieving peace. This is not only true of the governments but also of the rebel forces. [end recording]

This was part of yesterday's statement by Costa Rican President Oscar Arias Sanchez following his meeting with Honduran President Jose Azcona Hoyo. President Arias will be leaving to San Salvador today at 0800.

RADIO DETAILS U.S. EMBASSY SHOOTING INCIDENT

PA290403 Managua Domestic Service in Spanish 0327 GMT 29 Jul 87

[Excerpts] An individual suddenly tried to enter the U.S. Embassy this afternoon and attacked the comrade policeman who was guarding the embassy. This individual was wounded in the legs when he was prevented from entering the embassy. The incident took place this afternoon, and according to Armando Hernandez Castillo -- an eyewitness -- he saw Roger Kems overpower the policeman who was guarding the embassy. When Hernandez Castillo saw this, he decided to help the policeman arrest the individual.

During the struggle, the individual freed himself and tried to enter the embassy. To prevent him from entering the embassy, the policeman shot him. [passage omitted]

A Red Cross ambulance arrived at the embassy, and an embassy official accompanied the wounded individual, who was taken away. The individual's name is Roger Kems, and he comes from the Atlantic coast area [of Nicaragua]. He was taken to the Lenin Fonseca Hospital in Managua.

FOREIGN MINISTRY CONFIRMS ATTENDANCE AT MEETINGS

PA251958 Managua Domestic Service in Spanish 1800 GMT 25 Jul 87

[Communique issued by the Foreign Ministry in Managua on 25 July]

[Text] The Foreign Ministry reports to the public that on 24 July, Foreign Minister Miguel D'Escoto Brockman addressed his Guatemalan counterpart, Carlos Lopez Contreras [name and country as heard; Contreras is the Honduran foreign minister], to express Nicaragua's position on the proposal to hold two meetings prior to the summit of Central American presidents. The first of those meetings would be held with the participation of the Contadora Group foreign ministers and the second meeting would be held solely by the Central American foreign ministers.

Foreign Minister D'Escoto stated that, for Nicaragua, the exclusion of Contadora from the second meeting is extremely negative for detente and peace in Central America and should not be repeated. For the Nicaraguan Government, the search for solutions to the Central American crisis has required and continues to require the invaluable contribution of Latin America, which is represented by the Contadora and Support Groups whose efforts have received the international community's support as expressed, among other ways, through UN Security Council and General Assembly resolutions.

The historic contribution of these countries to the negotiating process, which was begun with their firm cooperation and the belief that the area's problems necessarily affect the peace and security of the entire region, shows that it is important the Contadora Group maintain and strengthen its efforts for political agreement.

Since August 1985, Contadora has been viewed by Nicaragua and the international community as inseparable and indivisible from its Support Group, which has been generously participating in all our work in search of regional detente. Therefore, we view as negative the attempts to separate Contadora from its Support Group by excluding the latter from our meetings with Contadora.

The third point of these general observations about your proposal is that one must be very careful and not try to change the nature of Contadora. As a negotiating group, Contadora calls the Central American countries together and not the other way around. This does not negate the right of any area country, either individually or jointly as Central Americans, to express to Contadora our suggestions about appropriate occasions to hold joint working meetings. Therefore, at this moment prior to the holding of the presidential summit when there is a desire for a process of prior negotiations, the proper thing would have been to request that Contadora call us together for such a meeting.

Despite its recognition of these unfortunate irregularities regarding the convening of the meeting and the necessary active participation of Contadora in the entire process of detente and pacification in Central America, and bearing in mind that it is urgent that the Central American presidential summit be held on 6 and 7 August and the short time that we have to fulfill the conditions belatedly imposed by El Salvador to attend the summit, Nicaragua accepts the proposal. This makes it clear the aforementioned irregularities must not be considered a precedent that will legitimize their repetition. In the future, we will always insist on the indivisibility of the Contadora and Support Groups, their necessary presence and active participation in the entire negotiation process to achieve peace and detente in the region, and the need for Contadora to convene meetings.

In this constructive spirit and on behalf of peace, the Nicaraguan Government announces its acceptance of the proposal that on 31 July and 1 August in Tegucigalpa there will be a meeting of the Central American foreign ministers with all the Contadora Group foreign ministers who must necessarily assume the responsibility of leading the meeting. Nicaragua will not otherwise participate because doing so would mean it is denying the role the Contadora must play, and, therefore, it would be making the possibility of peace in the region more remote. This meeting will attempt to establish points of agreement on President Arias' proposal and discuss ways to enrich it, bearing in mind that its objective is to help the Contadora negotiating process. Therefore, the meeting would be similar in nature to those that have been held within the framework of Contadora. Regardless of which country is the host, Contadora must preside over the meeting.

Nicaragua also expresses its willingness to participate in the meeting of Central American foreign ministers which will be held in Guatemala on 4 and 5 August to agree on the agenda and conclude the pending details for the meeting of the area presidents.

Finally, Nicaragua suggests that the Contadora and Lima [Support] Groups' foreign ministers be invited to participate in the Central American presidential summit.

Managua, 25 July 1987

[Signed] Nicaraguan Foreign Ministry

ORTEGA REPEATS DANGER OF U.S. 'INVASION'

PA251604 Managua Domestic Service in Spanish 0051 GMT 25 Jul 87

["Part" of closing statement by President Daniel Ortega at a "Face the People" program with "the people attending the first Nicaraguan International Book Fair" held at the Cesar Augusto Sandino convention center in Managua; broadcast in progress -- live in Spanish with passage-by-passage translation into English]

[Text] [Translator] ...the U.S. Government.

[Ortega] It is not willing to change. This is also linked to the forthcoming Guatemala summit. Even if we meet in Guatemala and even if the presidents meeting in Guatemala want peace, as long as the U.S. Government exerts (?enormous) pressure on the Central American governments and carries out its terrorist actions against Nicaragua, then [words indistinct] conditions for peace in Central America. The United States is trying to maintain its interventionist policy through terrorist actions and sophisticated weapons such as those seized from the CIA's mercenaries. Its objective is to keep the mercenaries alive while ideal conditions are created to launch a direct U.S. blow against our country. All these years we have been talking about the danger of a U.S. invasion. At certain times the invasion has been closer than at others. [Words indistinct] U.S. leaders or some people who have no knowledge about the history of U.S.-Nicaraguan relations claim that when the Nicaraguans say that the invasion is coming, it is like the boy who cried wolf. However, they forget that the wolf has already been in Nicaragua, that we Nicaraguans already know him, that he has already (?bitten) the Nicaraguan people, and that he has forced the Nicaraguan people to defend themselves. Therefore, when we say the wolf is coming, it is because he has already been in Nicaragua and is again threatening to fully and directly enter Nicaragua. [Words indistinct] again enter Nicaragua. Therefore, there is a real danger of invasion in Nicaragua.

Let us not delude ourselves that because it is said Reagan has been weakened by the Irangate scandal and the diversion of funds to the contras, there is no longer a danger of invasion in Nicaragua. That is why we say that congressional approval of funds for the mercenary forces would mean political support for U.S. terrorist actions against our country. Perhaps those would be the most dangerous times [words indistinct] a direct U.S. action against our country.

The economic situation is the result of the war Nicaragua is suffering. We are facing it by appealing to the workers' consciousness and by speaking clearly to the workers. When we meet with the workers, we do not make promises or create false hopes. We analyze the situation of the enterprises, the problems they have in operating, the lack of raw material and spare parts, [words indistinct] the problem of the war and the U.S. economic embargo, U.S. pressures on many Latin American and European governments so they will not cooperate with Nicaragua, and the (?impact) of the war. The workers understand these things. They understand them not because we are telling them about them but because they are actually experiencing them.

FURTHER REPORTAGE ON DIAZ HERRERA ARREST

Fails To Present Evidence

PA281446 Panama City LA ESTRELLA DE PANAMA in Spanish 28 Jul 87 pp A1, A10

[Text] Facing a court decision that could lead to a 10- to 15-year prison term for the crime of plotting against the physical integrity of the state, due to the possession and storing of weapons and ammunition, and also in response to accusations he must prove, Colonel Roberto Diaz Herrera, retired, former chief of the Panama Defense Forces General Staff, was taken yesterday to the Panamanian District Attorney's office, where his testimony was taken.

Diaz Herrera, who until a short time ago was the powerful chief of the General Staff, the number two position in the Defense Forces, failed to present evidence on the death of Dr Hugo Spadafora, a horrible crime that was attributed to members of the Defense Forces.

Sitting in front of Assistant District Attorney Rafael Guerrero, Col Diaz Herrera limited himself to saying: "I have no evidence to present," thus crashing to the ground all the accusations he made against his comrades-in-arms, which began events leading to a national crisis.

Diaz Herrera said the information he possesses to accuse Defense Forces members of Spadafora's death "is based on conversations with the Spadafora family, particularly with Winston Spadafora."

The former chief of staff was taken before the assistant district attorney twice yesterday, in the morning and at 2300.

Diaz Herrera, formerly the powerful number two man in the Defense Forces, appeared in good physical condition, thus putting an end to the rumor that he had been seriously wounded or killed.

During his initial testimony, given 2 and 1/2 hours after his house was occupied and he was arrested, Diaz Herrera acknowledged having made public statements on the commission of fraud during the 1984 elections, implicating Electoral Tribunal Magistrates Yolanda Pulice de Rodriguez and Rolando Murgas and "implicating" UNADE [National Democratic Union] presidential candidate Nicolas Ardito Barletta. However, he was unable to present tangible evidence. He said: "I made that assertion knowing that I could render testimony on the reports by opposition political parties, which have been extensively substantiated by press, radio, and verbal reports."

He also reported on alleged "sectional electoral fraud in the Indian sector of Chiriqui Province," but he presented no evidence on this.

During his testimony he referred to other frauds allegedly committed in San Blas, in "areas that include Arraijan, Los Santos, and other provinces." However, he did not name specific places or names.

To substantiate his statements on electoral fraud, Diaz Herrera told the assistant district attorney: "I cite as witnesses all members of the opposition parties and several so-called independents, who left the polls before the vote count was completed in protest against the official manipulation of which I was part."

Regarding the murder of Division General Omar Torrijos and the evidence he claimed to have, Diaz Herrera repeated his charges and again implicated in the action U.S. Vice President George Bush, General Wallace Nutting, who was at the time chief of the U.S. Southern Command, and Cuban CIA agents.

Diaz Herrera also implicated U.S. President Ronald Reagan by saying Bush had reported to President Reagan on the matter and on the coordination and execution of the action, which was under Gen Nutting.

Diaz Herrera said the Torrijos family has documents that involve Bush in the operation, which was called "Falcon in Flight," but he failed to present these documents. He said only that he had photocopies of hand-written documents that proved the crime, but then he admitted his accusation was "based on photocopies of hand-written documents that appear to substantiate what I said. However, he understood these statements were not complete evidence." [quotation marks as published]

Family's Departure Delayed

PA281653 Panama City ACAN in Spanish 1623 GMT 28 Jul 87

[Text] Panama City, 28 Jul (ACAN-EFE) -- Last minute bureaucratic procedures have delayed the departure for Venezuela of Maigualida Gonzalez, wife of Colonel Roberto Diaz Herrera, retired, and their children, ACAN-EFE has learned from diplomatic circles.

The Venezuelan Embassy in Panama is reluctant to release information "until several hours from now." It denied that the family of the retired colonel left for Venezuela last night, as unofficial sources had informed ACAN-EFE.

Maigualida de Diaz is a native-born Venezuelan, and since the Panamanian political crisis began in June as a result of explosive accusations by Diaz Herrera, there has been speculation about the possibility that the family would seek Venezuelan asylum.

Diaz Herrera unexpectedly requested asylum from Spain in a long letter to Spanish Prime Minister Felipe Gonzalez, but he turned the asylum down after it was granted.

Diaz Herrera was arrested yesterday after having refused three times to go to the Attorney General's office to submit evidence on his accusations against Defense Forces Commander General Manuel Antonio Noriega.

Meanwhile, opposition political sources approached by ACAN-EFE said that Maigualida de Diaz refuses to leave the country with her children until the government guarantees the personal safety of her husband and (?his) departure from Panama.

Unofficial sources told ACAN-EFE last night that the wife and children of the retired officer had left aboard a Panamanian Air Force flight for Venezuela.

However, the report was neither confirmed nor denied by the Defense Forces sources queried by ACAN-EFE, who said they did not know if the report was true.

Son Reportedly Killed

PA281434 Bogota Radio Cadena Nacional in Spanish 1401 GMT 28 Jul 87

[Text] Panama City -- The situation surrounding Colonel Roberto Diaz Herrera and his family continues to be a mystery for Panamanians following the attack on the Diaz home by forces loyal to Panama's strongman, General Manuel Antonio Noriega. The attack ended with the arrest of the retired colonel, who had made charges against the Defense Forces and President Eric Arturo Delvalle's government.

Dr Fernando Boyd [not further identified] told Radio Cadena Nacional that inside Col Diaz Herrera's home, which was attacked by Noriega's forces, there are at least six bodies, one of which is the body of Diaz Herrera's oldest son, who is approximately 15 years old. According to Dr Boyd, Msgr Marcos Gregorio McGrath saw the bodies being removed. However, he did not say whether they were dead or alive.

ARIAS CALDERON ANNOUNCES END OF 'SUCCESSFUL' STRIKE

PA290449 Bogota Emisoras CARACOL Network in Spanish 0420 GMT 29 Jul 87

[Report by Jairo Posada Castano from Panama City -- live or recorded]

[Excerpt] The opposition has officially announced the end of the labor strike that has been effect in this country for the past 2 days. However, it has reiterated that in the next few weeks there will be new strike calls. The following is a statement made to CARACOL by Dr Ricardo Arias Calderon [president of the Christian Democratic Party of Panama]:

[Begin recording] The protest effort manifested through the strike has been the most successful in Panama's political history. The Civilianization Crusade has informed the country and the democratic opposition parties that the strike will end, as had been planned, at 2000. The Crusade has also told us that as a result of the strike, the Panamanian Government has shown its face as a military dictatorship. Therefore, the Civilianization Crusade will begin preparing tomorrow another strike that will last for an indefinite period. It should give a good [words indistinct] to this movement of protests in favor of justice and democracy. [end recording] [passage omitted]

U.S. ARMY EMPLOYEES ACCUSED OF SUPPORTING STRIKE

PA281722 Panama City MATUTINO in Spanish 28 Jul 87 p 8

["Tamborito" column by Anacleto Marcelino: "A Knife for Their Own Throats"]

[Excerpts] Not yet aware of the fact that it is the Yankee imperialist, interventionist interests that are encouraging and supporting the sabotage maneuvers of certain Panamanian enterprise and business sectors, some employees of the U.S. Armed Forces have expressed their support for the strike called against the country's socioeconomic stability and the rights and needs of our society's needy sectors. [passage omitted]

We do not know if -- as some observers have said -- the aforementioned employees are acting according to orders or to the pressure exerted by some of the U.S. military authorities for which they work. We have not been able to confirm whether CIA agents are infiltrated in the Yankee military organizations to secretly manipulate certain Panamanian labor leaders who work for those organizations. [passage omitted]

GOVERNMENT NOT TO PROTEST U.S. EMBASSY COMMUNIQUE

PA282027 Paris AFP in Spanish 2003 GMT 28 Jul 87

[Text] Panama City, 28 Jul (AFP) -- Panamanian Foreign Minister Jorge Abadia did not express any concern today regarding a communique issued by the U.S. Embassy in Panama urging the reopening of the opposition media closed on Sunday night.

Abadia said: "That is its (the United States) opinion. We have repeatedly told the United States that we see no problem in its freely expressing its feelings, as long as it respects our institutions and the peace of the Panamanian people."

Abadia told AFP that his government will not issue any protest note regarding the communique.

The Panamanian Government Ministry took over three opposition newspapers -- LA PRENSA, EL SIGLO, and EXTRA -- accusing them of inciting public disorder, and it threatened to cancel radio and television frequencies if necessary.

In the communique, the U.S. Government urged the Panamanian Government to "immediately end all kinds of intimidation and press censorship." Luis Gomez, president of the foreign affairs commission of the Panamanian Legislative Assembly, said that the communique "once again demonstrates that the United States insists on trying to interfere in our country's internal affairs."

Meanwhile, Legislator Gomez reiterated his charges against the number two man at the U.S. Embassy, John Maisto, whom he has directly involved in the plans of the opposition to overthrow the government, a version that has been denied by U.S. Embassy spokesmen.

Maisto has been pointed out by some observers as an "expert in coups" who was in Chile at the time of Salvador Allende's overthrow and in the Philippines when Ferdinand Marcos was overthrown.

Always referring to the United States, Gomez said that "they mean nothing to us. We cannot get involved in a fratricidal war with an ambassador who represents nothing. They have made a mistake; this is America, not the Philippines, Haiti, or Vietnam."

Meanwhile, Harmodio Icaza, legislator for the Labor Party, which also forms part of the ruling alliance, said the opposition "is getting the best of us because of the government's passive attitude, but after the results of the next few days, they will realize they are not the majority in this country."

These statements by the government officials were made during a cabinet meeting held today at noon at the Presidential Palace to evaluate the country's situation.

The Panamanian Government is facing its worst crisis in the past 20 years while the opposition exerts pressure with a general strike called by the Civilianization Crusade, which is demanding the removal of Panama's "strong man," General Manuel Antonio Noriega.

RIOTS ERUPT FOLLOWING PROGOVERNMENT MOTORCADE

PA290442 Panama City ACAN in Spanish 0353 GMT 29 Jul 87

[Text] Panama City, 28 Jul (ACAN-EFE) -- More than 100 people living in a lower class neighborhood in this capital this afternoon set up barricades, set fire to a vehicle, and clashed with the police after a progovernment motorcade drove through the city.

The incidents occurred in the Santa Ana neighborhood after a large motorcade, supporting Preident Eric Arturo Delvalle and seeking to "vindicate" Defense Forces Commander General Manuel Antonio Noriega, passed through the area.

The people participating in the riot said to ACAN-EFE that they "spontaneously" decided to set up barricades in several streets throughout Santa Ana, because they are "fed up" with the critical economic situation they are experiencing as a result of the political crisis that has prevailed in the country since early June.

The antiriot police dispersed the demonstrators from Santa Ana's narrow streets with tear gas and buckshot, and the people retaliated with stones, bottles, and other easily thrown objects.

Nevertheless, a spokesman of the Defense Forces -- whose main barracks are located in Santa Ana -- said that "everything is normal; we have received no complaints."

Likewise, a member of the Red Cross -- located in the heart of this neighborhood -- said they have not treated any injured people as a result of the confrontations with the antiriot police, which used tear gas and buckshot against the demonstrators.

The incident began "spontaneously" at 1800 local time (2300 GMT), according to a woman living in that area, because "the political crisis prevailing in the country has mainly affected poor people."

A female neighbor said: "The government says it sides with the poor people of this country, but, you see, we cook with papers and wood from neighboring backyards, because we don't even have gas."

Incidents also occurred in a low-cost housing sector near the Santa Maria La Antigua University in this capital city when the pro-government motorcade passed.

According to eyewitnesses, the area residents verbally abused the participants in the motorcade and threw stones and other objects at them. Civilians in the caravan responded with gunfire.

Also, in San Miguelito, one of the capital's largest and most popular neighborhoods, local residents told ACAN-EFE that a participant in the government motorcade got off one of the vehicles with a submachinegun and fired on a group of people who waved white flags.

No injuries have yet been reported.

Numerous vehicles, escorted by the police in some stretches, waved flags of the ruling Democratic Revolutionary Party, PRD, and honked along the same avenues where the opposition used to parade.

In the motorcade, which according to the government radio station, Radio Nacional, had between 8,000 and 10,000 vehicles, were ministers of state, progovernment legislators, security agents, and thousands of followers.

FORMER DEFENSE FORCES CHIEF ASKS NORIEGA TO RESIGN

PA241416 Paris AFP in Spanish 1334 GMT 24 Jul 87

[Text] Panama City, 24 Jul (AFP) -- General Ruben Dario Paredes, retired, former commander in chief of the Defense Forces of Panama [FDP], this morning asked his former colleague Manuel Antonio Noriega to retire and "to resign" from the post of commander in chief because he is "the sole and major cause of the conflict dividing the 2 million Panamanians and preventing them from democratically and peacefully reaching agreement."

Former FDP Commander Paredes said Noreiga's departure will keep the Panamanian population from continuing "polarizing into two antagonistic groups ready to spill the blood of brothers."

"This is the right time for the good of all," Paredes stressed, warning Noriega that he has little maneuvering room and his resignation will prevent "stampedes and street disturbances."

Gen Paredes took over the post of [FDP] commander after the death of General Omar Torrijos Herrera. He held the post for 3 years and was replaced by Gen Noriega in August 1983.

10-DAY FUEL RESERVE IF STOPPAGE CONTINUES

PY280302 Madrid EFE in Spanish 0106 GMT 28 Jul 87

[Excerpts] La Paz, 27 Jul (EFE) -- Bolivia has a 10-day fuel reserve if the strike of the Bolivian Government Oil Deposit [YPFB] workers, who are asking for salary hikes, continues. The government yesterday declared the YPFB property a military zone.

This information was given by Information Minister Herman Antelo. He said only 20 percent of the oilworkers have joined the stoppage, but this figure is at odd with labor union sources who say the percentage is higher. [passage omitted]

Bolivian Foreign Minister Guillermo Bedregal today said at Government Palace that he fully supports the measure of declaring the YPFB property a military zone. "This is a serious threat, and the government will not be manipulated by a handful of unscrupulous trade union leaders who are harming the country with their actions," the foreign minister added.

The foreign minister expressed hope because of the position of the newly-elected Bolivian Labor Confederation (COB) executive board concerning the conflict. "The newly-elected COB executive board must make a considerate and good decision and not let itself be influenced by unrealistic demands," Bedregal said.

Nevertheless, the COB today regretted the government's attitude and decided to handle the oilworkers conflict in view of the arrests that have been made and the military occupation.

In Congress, the military intervention has prompted a protest by the opposition parties who are asking for a plenary meeting to review the occupation of the oilfields and to question the government concerning the legal situation.

GOVERNMENT CREATES DRUG FIGHTING NATIONAL COUNCIL

PY271912 La Paz La Red Panamericana in Spanish 1130 GMT 27 Jul 87

[Text] Last weekend the government created the Drug Fighting National Council [Consejo Nacional de Lucha Contra el Narcotrafico].

Information Minister Herman Antelo made some remarks on the subject. He said this council will be in charge of repressing drug trafficking.

The council is presided over by Foreign Minister Guillermo Bedregal. It will draw up rules and regulations and create new instruments for the efficient repression of the crime that has impaired the country's image.

The decree creating the council will be distributed to the media today.

Two under secretariats will be charged with the responsibilties we have just mentioned. The Defense Under Secretariat will be in charge of interdiction and centralizing all the activities of the National Dangerous Substances Directorate and of the unit that is in charge of operations, UMOPAR [Mobile Unit for Rural Areas].

The Rural Development Under Secretariat will be in charge of drawing up overall rural development plans for the areas that are affected by the substitution of the coca plantations.

The foreign, interior, planning, and defense ministers make up the council.

REPORT ON DRUG TRAFFICKERS' ETHNIC, SOCIAL PYRAMID

PY271858 Madrid EFE in Spanish 0747 GMT 26 Jul 87

[Text] La Paz, 26 Jul (EFE) -- On 25 July, the Senate Special Committee for Drug Addiction published a report on the ethnic composition and social status of drug traffickers. The report revealed that the "upper class" is at the top of this mafia.

According to the report, the drug traffickers have an ethic and social pyramid at the top of which are capitalists, 150 people "from the upper class and of bourgeois extraction."

From the ethnic point of view, the drug mafia is compromised of urban "cambas" (people from eastern Bolivia), whose families are organized as clans or lineages and follow British and U.S. cultural models like the Ku Klux Klan. Nepotism plays a role in these clans.

This mafia controls most of the capital and economic structure of the drug traffic. They distribute jobs and favors, they reward and punish, they are the absolute and despotic bosses of the drug business. These groups belong to the international mafia. Their legitimate business is usually raising cattle.

The next level of the pyramid is comprised of 850 upper-middle class professionals, "urban cambas," foreigners, U.S. mercenaries, and neo-Nazi Germans. The members of this group produce cocaine hydrochloride and are known as the "cocaine professionals," paid workers, and secret "white collar employees."

The third level of the drug traffic pyramid is occupied by the "privileged middle class," 5,000 people bound together by a strong class solidarity stemming from their common involvement in the "business," according to the Senate committee's report. This group is of urban people who held low-paying jobs before: teachers, merchants, and people that have some intellectual training and have been "resettled" by the government.

Within the criminal structure, these people market the cocaine base and speculate with the price of the "base" until it reaches the appropriate "level."

A step below is the "lower-middle class," made up of 8,000 small bosses who have the money for the "components" (ingredients for the cocaine) and other products. They are half-breeds from the upper valley (Ucurena) and from the towns of Cliza and Toco. They use a mixture of solidarity and depotism on the surrounding peasants and produce the "base" with skill acquired from manufacturing "chicha" (a drink from fermented corn). These people's sons are the "peddlers" at the squares and on the streets.

At the same level as the lower-middle-class and the "peddlers," are the "switchers" [volteadores], the middlemen between coca farmers and cocaine base producers. They have the status of small bosses and a certain amount of operating capital. There are 22,000 "switchers" who are urban "cambas" and "collas" (people from eastern Bolivia) living in different regions of the country.

The fifth level of the pyramid is made up of the peasant class, people of Colla, Aymara, and Quechua ethnic extraction coming from oruro, Cochabamba, Potosi, and La Paz whose social status has improved. The coca farmers are owners of small plots of land granted by the agrarian reform in 1953 or new land owners in Chapare. There are 80,000 people in this group, according to the official report.

At the base of the pyramid is the underproletarian class of the drug traffickers comprised of oppressed ethnic groups such as Chiriguanos, Guaranies, and Pampeanos, from eastern Bolivia. This group consists of some 4,000 people. The underproletarians work as "carrier ants." They carry the ingredients to produce drugs and food for workers in the narcotic factories and take care of the mail. Their nickname, in criminal slang, is "Zepes Matobenes" [translation unknown].

A little higher on the pyramid than the "Zepes," to whom they feel a little superior, are the Quechuas from the upper valley of Cochabamba, who mash coca leaves. "The coca mashers" are impovershed farmers who sell their labor because they have no hopes of going back to their previous activity since they have lost their land. According to estimates, there are approximately 25,000 Quechuas in the regions of Shinaota, Toco, and Cliza of the upper valley of Chochabamba.

The Senate Special Committee for Drug Addiction conducted its investigation into the development and structure of drug traffic in Bolivia in 1986.

HUMBOLDT BARRERO REELECTED SENATE PRESIDENT

PY240124 La Paz La Red Panamericana in Spanish 0000 GMT 24 Jul 87

[Text] Senator Ciro Humboldt Barrero has been reelected president of the Senate due to his effective administration during the previous term. The Senate Executive Board now consists of:

President: Ciro Humboldt Barrero; first vice president: to be elected among ADN senators; second vice president: Luis Alvarez Anes; first secretary: Jaime Villegas Duran; second secretary: to be elected among ADN senators; third secretary: Alfredo Cuellar Vargas; MNR [Nationalist Revolutionary Movement] bloc leader: Abel Ayoroa Argandona.

BRIEFS

NEW TURKISH AMBASSADOR -- Metin Kustaloglu, the new Turkish ambassador to Bolivia, yesterday presented his credentials to President Victor Paz Estenssoro. [Excerpt] [La Paz PRESENCIA in Spanish 14 Jul 87 p 6 PY]

BRESSER PEREIRA REAFFIRMS POSITION TOWARD IMF

PY281647 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 28 Jul 87

[Text] Finance Minister Bresser Pereira repeated yesterday in Washington that Brazil will negotiate new credits with the creditor banks first and then with the IMF. Bresser explained what was decided regarding the IMF:

[Begin recording] I went there, and I made no promises. I did not promise anything. I told him [James Baker] about my plans. He said he did not oppose them and then sent me a message saying it was important I go to the IMF afterward. That was all. I did not promise Baker anything.

When I arrived I made a speech saying: I do not intend to go to the IMF now. [words indistinct] do not want to (?change) the Brazilian political [words indistinct] because my party is against going to the IMF, and my president is clearly against it. I am against going to the IMF now. Therefore, I will not go to the IMF now. I'll be ready to go to the IMF after this (?negotiation) is over. [end recording]

Bresser also said the debt of the developing countries should be exchanged for bonuses issued or guaranteed by Western governments.

Labels Trip 'Successful'

PY290205 Brasilia Domestic Service in Spanish 2200 GMT 28 Jul 87

[Text] Finance Minister Bresser Pereira has reported that his trip to the United States was successful and that U.S. officials and the international financial community praised the government's macroeconomic plan and the development of the Brazilian economy over the last 3 months. Bresser also conveyed to the IMF Brazil's basic position on resuming negotiations of the foreign debt by saying Brazil must first negotiate with the creditor banks before going to the IMF.

Bresser did not deny the existence of problems caused by Brazil's strategy. He explained that the strategy is important because: 1) It allows the country to normalize its economy; and 2) it permits it to get resources from Japanese banks. He believes if the government reaches an agreement with the IMF, things will be easier. However, Bresser pointed out that an agreement with the IMF will be reached only if the interests of the Brazilian people are respected. He added that the Brazilian economy is doing very well and predicted a low inflation rate for August. He also indicated that the price freeze and the Bresser Plan are proceeding satisfactorily. Bresser concluded by saying that Brazil will suspend the moratorium after it gets bank financing on its own terms and that Brazil does not feel any urgency to end its moratorium.

GOVERNMENT TO SUSPEND MORATORIUM 'BY OCTOBER'

PY290407 Buenos Aires DYN in Spanish 0350 GMT 29 Jul 87

[Text] Brasilia, 28 Jul (AFP) -- Presidential Spokesman Frota Neto tonight stated in Brasilia that the Brazilian Government will suspend the moratorium on its foreign debt by the end of October, when it expects to complete the rescheduling of its debt with the commercial banks.

On 20 February, Brazil unilaterally declared a moratorium on its $112.7-billion foreign debt. According to Frota Neto, the Brazilian Government is willing to reach an agreement with the IMF, but it will neither follow nor accept any condition that would jeopardize its economic growth.

PRESIDENT SARNEY MEETS ANGOLAN ENERGY MINISTER

PY280112 Brasilia Domestic Service in Portuguese 2200 GMT 27 Jul 87

[Text] Angolan Energy Minister Pedro de Castro van-Dunem today arrived in Brasilia. He is here to evaluate Angolan-Brazilian relations and to seek ways to strengthen cooperation between the two countries.

The Angolan minister today met with President Sarney and Brazilian Foreign Ministry officials to discuss the possibilities of strengthening cooperation in health, human resources, and integrated regional development. The Angolan minister will stay in Brasilia until tomorrow.

Greater Oil Imports Planned

PY290259 Brasilia Domestic Service in Portuguese 2200 GMT 28 Jul 87

[Text] Mines and Energy Minister Aureliano Chaves said the government's long-range plan is to increase national oil production. He also pointed out that his ministry is making efforts to diversify the sources of crude oil and that this effort is becoming successful with the reduction of oil imports from the Middle East. Chaves also pointed out that Brazil still depends on short-term oil imports from the Persian Gulf where the Iraq-Iran war is taking place.

[Begin Chaves recording] I believe we should enlarge our oil stockpile so we're not taken by surprise. We must make an effort to enlarge our strategic oil reserve. We have a supply for about 45 days but we must reasonably enlarge this reserve. [end recording]

This afternoon after chairing the ceremony to celebrate the 25th anniversary of Petrobras, Minister Aureliano Chaves said Brazil would like to increase its oil imports from Angola. Chaves emphasized the importance of the ceremony and referred to the meeting he held with the Angolan minister of energy. He said Brazil would like to increase oil imports from Angola.

[Begin Chaves recording] I believe there is still a large area to be explored in Brazilian-Angolan commercial relations. Angola produces about 300,000 barrels daily and consumes about 30,000 barrels daily. Angola therefore has a large volume to export. Brazil is interested in increasing its oil imports from Angola, bearing in mind the services rendered by CPRM [Mineral Resources Prospecting Company], Electrobras, and some Brazilian private companies. [end recording]

Oil trade between Brazil and Angola has declined the last few months. Brazilian oil imports from Angola last January amounted to 1.751 million barrels daily, but this volume fell to 943,000 barrels daily in April and 803,000 barrels daily in May. There were no oil imports from Angola during February, March, and June this year.

FRG'S BLUEM COMMENTS ON TERRORISM, DEPARTS

PY271312 Santiago Domestic Service in Spanish 1030 GMT 17 Jul 87

[Text] FRG Labor Minister Norbert Bluem has expressed his outright rejection of terrorism. The FRG Government official arrived in Chile last Thursday and departed Saturday afternoon. Bluem affirmed that no political objective whatsoever can justify the sacrifice of human lives, adding that mankind cannot progress through acts of vengeance. He also said all types of terrorism must be rejected.

At a news conference, Minister Bluem said communist ideology is deeply antidemocratic. He reiterated that his meeting with President Pinochet took place in an open atmosphere and was very fruitful. As for nonintervention in the internal affairs of other nations, Minister Bluem said he fully endorses this principle, because every country and all people have the right to organize their state as they wish. In his conversation with journalists, he emphasized that democracy cannot be built by planting bombs.

Government Decries Statements

PY290240 Santiago Domestic Service in Spanish 2300 GMT 28 Jul 87

[Text] The Chilean Government has termed deplorable the situation that has developed in the wake of the statements on court proceedings in our country issued by the FRG Government and by FRG Labor Minister Norbert Bluem during his visit to Chile.

The Chilean Government said these are very serious statements that should have been based on concrete evidence, which is not available. These statements are clear meddling in matters that fall under the jurisdiction of Chilean courts. Such statements constitute intervention and imply unacceptable prejudice.

The Chilean Government outlined its position through a note released by the Foreign Ministry this afternoon. The note states that on 17 July, the FRG foreign affairs under secretary gave the Chilean ambassador to that country a declaration on the following issues: legal proceedings involving Mrs (Beatriz Fickmann); legal situation of 14 persons who are being tried for the murders of former intendant Carol Urzua, Lieutenant Colonel (Reyes Vergara), and other persons; willingness of some FRG states to give asylum to those 14 persons if they are released after being pardoned; and affirmation that the FRG Government has reliable information proving that those 14 people and Mrs (Fickmann) were tortured.

At the same time, in statements to the weekly DER SPIEGEL, FRG Labor Minister Norbert Bluem, an FRG Christian Democratic Party leader, announced he will visit Chile, reiterated his criticism of the Chilean human rights record, and commented on the legal proceedings involving the above persons. He also reiterated his charges of alleged torture, justifying his statements on information provided by Chilean Political sectors. The Chilean Foreign Ministry note added that immediately after his arrival in Chile, and before getting in touch with Chilean officials, the FRG minister reiterated the same statements to the media.

In the face of the contradictory reports on the statements by FRG Government officials, the note goes on, it was deemed necessary to inform the public of the following: The Chilean Government answered the FRG declaration through a note dated 24 July that Ambassador Riesco delivered to the FRG foreign affairs under secretary. In that note, Chile expressed its surprise and concern about an attitude that is based on obviously incomplete information and false concepts. The note also provided all the available information on the legal proceedings in the respective cases.

In connection with the 14 persons who are being tried, the note said the legal proceedings are being carried out by the judiciary, and they will take time because of the many procedures Chilean law requires. The note said that in Chile, the criminal prosecutions end when all possible legal action has been taken, even appeals to the Supreme Court, which have not been filed in these cases. As for the situation of Mrs (Fickmann), the note said that the Chilean Foreign Ministry has unofficially gathered information on the case and that there has been no other connection, because the executive branch cannot interfere with court proceedings.

WEEKLY CLARIFIES NEW ARMY RANK STRUCTURE

PY282131 Santiago HOY in Spanish 20-26 Jul 87 p 22

[Text] The appointment of Brigadier Manuel Concha as economy minister gave rise to confusion when the new Cabinet was sworn in on 7 July. Some people called him brigadier general, and others simply brigadier.

Before 1981, when the reformulation of the military ranks took effect, the rank of brigadier did not exist. In the new military structure, brigadier is not a rank but a category that is given to senior colonels, including those slated for promotion to general.

Strictly speaking, a brigadier has the rank of colonel. The difference is that even though brigadiers wear the three stars of a colonel on their shoulder boards, they wear a generals' national coat of arms and laurel leaves on their collar.

When the rank of brigadier was created, the names given to the generals were also changed. Brigade generals became brigadier generals, and division generals became major generals. Another category was also created: lieutenant general, which is not a rank. Officers who remain on duty beyond the compulsory 38 years may be designated lieutenant general by the president. Their shoulder boards have the four stars of generals. The rank of captain general, the Armed Forces' highest rank, is indicated by five stars.

The new structure applies only to the Army, because the Navy and Air Force do not have ranks equivalent to brigadier and lieutenant general.

The Army colonels, including brigadiers, are equivalent to Air Force colonels and Navy captains. The rank of brigadier general is equivalent to the rank of Air Force brigade general and to the Navy rank of rear admiral.

SPEECH BY ECONOMY MINISTER GUSTAVO SABERBEIN

PA212250 Lima Domestic Service in Spanish 0220 GMT 20 Jul 87

[Speech by Economy and Finance Minister Gustavo Saberbein in Lima -- live]

[Text] Fellow patriots: Many times during the course of the past few years, due to my professional activities and political convictions, I have reflected on the problems of our national economy, spoken with the leaders of the economic process, and participated in the country's economic efforts. Today, as minister of economy and finance, I must speak to you about the new phase of the government's economic program that has been announced by the president and was reiterated tonight by the president of the Council of Ministers.

The year 1986 was a good year for everyone. Our economy grew by more than 8 percent, and inflation remained below 65 percent. In addition to this, investment increased for the first time in 4 years to 21 percent in real terms. This was possible because the application of a clearly nationalist policy allowed us to significantly limit our payment of the foreign debt and reorient these resources to reactivation and investment. This was also possible because from the very beginning our government decided to increase salaries by more than the rate of inflation. Therefore, with greater demand thus established, we could make use of the significant amount of idle production capability in existence which, in July 1985, surpassed 50 percent in the industrial sector.

The productivity reactivation achieved has continued in 1987, and the cycle of investments initiated in 1986 has continued this year. Nevertheless, during the past 6 months there has been a resurgence of inflation, and also, despite the success achieved, there have been a series of doubts regarding Peru's economy and its prospects. When doubts are not cleared up promptly, they give way to a lack of confidence and even to anxiety. That is bad for the economy and damaging to adequate social conduct. That is why I feel it is necessary to speak to you tonight about the questions that have been asked lately regarding the condition of our economy and its development in the next few years. I also feel it is essential for me to discuss with you the specific meaning of the economic measures announced by the president, which are aimed at improving salaries and the distribution of income, maintaining productive reactivation and increased employment, encouraging decentralized and priority investments, continuing the struggle against inflation, emphasizing productive restructuring, making changes in our consumption habits, and reaffirming our nationalist and sovereign position.

Compatriots, some people say our economy is beginning to overheat rapidly. By this they mean that salaries have grown excessively and we are reaching our limits of available production capability. They say we do not have sufficient foreign exchange to maintain reactivation, and consequently investment. Because of this -- which is usually the logic of the people who say these things -- within a few months we may be confronting a process of hyperinflation and recession. In response to this prospect emerges the question, why invest more now when by 1988 or 1989 the market may decline?

Curiously, there are others who advocate the opposite view. They say salaries are dropping and consequently production will soon decline due to a lack of demand. They also say that instead of increasing demand through an adequate salary and income redistribution policy, the government has finally yielded to foreign pressure and from now on more of the debt will be paid and neo-liberal measures will be implemented. Nevertheless, none of this is true. Both views are unfounded. However, they have contributed to created doubts and a lack of confidence, the main points of which I want to clear up today.

Compatriots, President Alan Garcia has established a government policy of increasing salaries by an average of 6 points above the inflation rate, an increase that is in keeping with a GDP growth of 7 percent for the current year and a similar rate of economic growth during the next 3 years. Thanks to this policy, up until July of the present year the salaries of arm and city workers -- of the public as well as private sectors -- showed a net increase, an increase that maintained an increase in national consumption of more than 12 percent during 1986. Thus, by mid-June of the current year, with a minimum legal income of 1,260 intis, it was possible to purchase 194 kg of rice instead of 106 as in July 1985, 37 kg of poultry instead of 24, 53 1-liter bottles of vegetable oil instead of 10, 168 cans of evaporated milk instead of 97, among many other examples I could cite.

Today, after the salary increases decreed recently and the adjustment of some prices, the situation has improved. It is not true, therefore, that there has been no permanent improvement of salaries, expect for last summer, when the resurgence of inflation partially affected the buying power that had been gained earlier. This salary policy has followed a basic principle: For Peru to resolve its problems there must be sustained growth in production in the medium and long term. To achieve this it is necessary to have an over-growing demand and to maximize use of the resources the country has, especially its human and natural resources and the raw materials and products we Peruvians are capable of producing with these resources.

In applying this policy of increasing real salaries through Supreme Labor Decree No 010-87, the government established a 36-percent increase of the minimum legal salary, which in July has gone from 1,260 to 1,710 intis monthly. Likewise, through Supreme Decree No 77-87 of the presidency of the Council of Ministers, the government established a 25-percent increase for public sector employees, including Armed Foces and police employees. In the cases of teachers, doctors, and other professionals, the increase was 35 percent. The government will be very careful in implementing its salary policy and will avoid unfair delays as well as uncontrolled advances in payment, which only bring temporary well-being and could later contribute to increasing inflation and generating a lack of supplies. I know that despite the improvements, salaries are still insufficient for most Peruvian families, but I am also aware of the fact -- and we have historical experiences of this in Latin America -- that the salaries lost in more than 10 years of crisis cannot be regained in 24 months.

Compatriots, I think it is important I point out that we have maintained the interest rates paid to savers; there has been no reduction in interest rates for those who have a savings account in a bank, a mutual, or a cooperative. What the government has reduced are the active interest rates paid by industrialists and merchants as a means of contributing to the struggle against inflation and to begin improving the efficiency of our financial system, which plays an important role within our economy and its development. I must also inform you that small and medium savers will soon receive higher interest rates for their savings if they decide to use the Investment and Employment Fund [Fondo de Inversion y Empleo] savings and investments accounts, which the government has already studied and will soon be establishing.

To the small and medium savers I also want to say that the government will soon implement a savings system based upon the purchase of silver certificates. I also want to tell savers that there is no easy solution for inflation and its comparison with interest rates. The problem is not solved by substantially and generally increasing interest rates, as some governments have done and still advocate. This would result in increased inflation and the need for a large-scale devaluation, and it would end with a recession as has happened in the past decade and in the past few years. With that plan, within a short time we would all lose, savers and non-savers.

Compatriots, to those who say we are reaching the limit of our productive capabilities, I must point out that according to the surveys we carry out every 2 months through the National Statistics Institute, we still have an average of 35 percent left for use in the industrial sector. It is true there are certain branches of the industrial sector that have a lower percentage of usable production capabilities; that is the case of the textile, clothes, beverage, and paper industries. In response to this situation, and as is expected in an expanding market, these businessmen have been the first to make new investments.

Investment, however, is not limited to these industries. It has been carried out in various sectors, first to restore the machinery and equipment worn with use, then to enlarge industrial plants to improve production, and, more recently, to carry out new plans. This is because private investment increased by 25 percent in 1986, and this year an equal or larger average growth in investment is expected. One indicator of this favorable development is that during the first 4 months of the year, in comparison to a similar period in 1986, the importation of capital assets increased from $254 million to $404 million. In other words, it has increased by 60 percent.

As it is obviously understood, no one imports capital goods unless they put them to work. On the other hand it is important to note that in addition to the industrial production capacity still available, the country has great resources and production possibilities in agriculture, fishing, and other activities. There are also many dormant or poorly worked plots of land. We also have lots of land on the coast with sun year round that can generate uninterupted new riches for this year and coming years.

A similar circumstance exists with our marine resources, which are huge and offer great opportunities to increase production of mass consumption foods, as well as generating foreign exchange that the country needs for development. Let us bring together all these resources and boost investment.

I should report that the country has enough foreign exchange to maintain economic reactivation and further increase investments. However, there are those who feel our balance of trade is running a deficit, and our available reserves are insufficient to continue the development plan we have chosen for the next few years. To them I should say our balance of trade has shown a credit during the 2d quarter of this year, and for the 3d and 4th quarters the outlook is even more favorable. This is not just the government's point of view. Renowned private credit institutions forecast for the end of the year a favorable balance of trade of more than $300 million. Our balance of trade outlook is favorable not only because of the greater emphasis the government has decided to place on exports, but because the prices of most of the raw materials we export have begun to recover. For example, comparing prices of the last quarter of 1986, copper prices have risen 27 percent, lead 36 percent, silver 42 percent, gold 12 percent, and even zinc 6 percent. The price of oil that we export, which was quoted at the end of 1986 at $11 a barrel, is now nearly $20 a barrel.

It is important to point out that our international monetary reserves are now greater than what we had in July 1985, despite the spending of foreign exchange for economic reactivation, investment, and food consumption. Our gross international monetary reserves, in other words our gold, dollar, and other hard currency reserves, which we have securely both inside and outside the country, have increased during the last 2 years. The Central Reserve Bank reserves have gone from $1.605 billion in July 1985 to $1.716 billion by mid-July 1987. A similar phenomenon occurs with our gross international monetary reserves throughout our banking system: They increased from $1.881 billion to $1.913 billion during the same period.

As a clear example of the importance the government gives to our increased exports, the Central Reserve Bank has decided through exchange resolution No 01787-EF the following increases in the foreign exchange rates for exports: For small-and medium-sized mining 15.3 percent; for fishmeal, sugar, and coffee 9.8 percent; for cotton 8.2 percent; for hydrocarbons 3.3 percent; and for the rest of the traditional imports 4.5 percent. In addition, for these products the exchanges rate will be constantly readjusted at a rate of 2.2 percent a month, starting in August through December 1987. Non-traditional exports, both urgent and regular ones, have received an important increase of 12 percent.

This policy of decided support to exports goes hand in hand with an import policy aimed at favoring domestic consumption and to discourage importation and the consumption of non-essential goods and services. This is why the Central Reserve Bank, through exchange resolution No 01887-EF, has frozen until December 1987 the exchange rate to import food, medicines, and agricultural raw materials that are necessary for feeding the people at a rate of 15.93 intis a dollar. Also frozen is the exchange rate to import raw materials and capital goods that do not compete with local industries at a rate of 19.93 intis per dollar. However, to be able to finance the freezing of these exchange rates until the end of 1987, to encourage exports, and to restructure prices to favor national production, the Central Reserve Bank will have a surcharge of 45 percent on nonessential imports and on the import of raw materials and capital goods that compete with national industries. All this is equivalent to a devaluation of less than 9 percent on the average.

This way -- and according to the planning characteristics of the government, which distinguishes between neoliberal doctrine and the policy of protecting the consumption by the great majority and partially increasing the cost of nonessential consumption goods -- it is clear that the dollar for the purchase of wheat, which we use to make bread and noodles; soya, which we use to make cooking oil; corn, which we use in our agricultural industry; and many other goods used for making food and medecine for the people has not been modified and remains frozen at a rate of 15.93 intis per dollar. In addition, the government guarantees that the dollars that come into the country through exports will be given priority to attend to these requirements. The same will occur with the dollar used to import raw materials and capital goods that our industry does not produce, which has an exchange rate frozen until the end of 1987 at 19.93 intis per dollar; together with the aforementioned imports, these things amount to more than 80 percent of the country's total imports.

The so-called Ocona [street in Lima] dollar or informal dollar, which increased during the last few months, has nothing to do with the needs of the national economy. However, during the last few months, more exactly from April, there has been a sustained increase in the price of the dollar in the informal market, also called the parallel market. This has been the result of several factors including a mistaken handling by the monetary authorities that pressured the rise of the dollar in April with a purchase that exceeded $20 million.

This is also the result of the inflationary [word indistinct] and the struggle the government has waged against narcotics trafficking. In recent days, this has led to a large-scale operation that seeks to recover full sovereignty in the area of (El Guayada) and the reestablishment of a legal state in that region. It is also true that there are some indications this increase in the dollar on the black market is a result of deliberate speculation, which seeks not only easy profits but also provokes a drastic general devaluation that will benefit only a small percentage of the population and harm the vast majorities. In view of this situation, I must once again say this is a marginal dollar, and the increase of the Ocona Street dollar does not affect the most important prices of the economy.

The state guarantees the stability of the type of exchange that affects our economy through the prices of goods and services that we export and import in a legal manner. However, it does not guarantee the dollar of the informal market, as this price is affected by the struggle against narcotics trafficking in the jungle area, contraband, and the willingness there is within the country not to send abroad illegally any surplus resulting from reactivation.

Allow me to reiterate that we are very far from stagnation resulting from a lack of currency or supply because of an excess of demand. On the contrary, we are convinced we will continue growing. Our economy should grow 7 percent in 1987 and 6 percent in 1988 and subsequent years. Therefore, the government will not only continue promoting the use of idle installed capacity and the productive increase of workshifts, but will also promote investments through the Investments and Employment Fund -- FIE. In this manner, the government will ensure that the surplus of the reactivation will be oriented to investments seeking greater production of fresh and processed foods -- in other words, the development of agriculture, agroindustry, and industrial fishing.

The government will also promote investments that increase exports and save foreign currency, by replacing more integrated imports based on a greater use of our natural resources, raw materials, and national products. To make this possible, the government has improved and will continue to improve the mechanisms of assigning foreign currency and the system of control, regulation, and supervision of prices. Through the Foreign Trade Institute and the Central Bank of Reserves, we will speed up the rational distribution of foreign currency so there will be greater correspondence between the definition of macroeconomics with those involved with business life.

Likewise, the government will promote balanced trade and partial payment of the debt with products, adopting measures that will increase our exports. On the other hand, I must also tell you that the Interministerial Price and Supply Commission, CIPA, is enforcing and will continue to enforce in a just and rational manner a strict and close surveillance over all staples, particularly those grouped under the controlled prices group. I must also remind you that when the system of control, regulation, and supervision of prices and supply went into effect, the proportion of regulated prices was very high. Now we have begun a process whereby some of the regulated prices are being supervised, thus accelerating the system. This is being done with the understanding that the businessman is able to establish his prices in a responsible manner, based on the structure of costs and the need for a reasonable margin of profit that will allow the possibility of having a surplus, that in turn, will serve in the future to increase the investment itself. May I remind you that it is best to make a profit by selling volume with reactivation than by the unit with recession.

As a matter of fact, the government is watching over the evolution of supervised prices, and therefore, we are again regulating those producers who do not respect the rules of the game and have exaggerated their price increases in a unilateral manner. Naturally, this entails a great responsibility that we are sure you will know how to accept, in line with the historical circumstances in which we are living, particularly when the price decisions are taken within the framework of a national market that is protected and promotes new investments. The system of administered prices launched late last year is the best guarantee for the benefit of both the consumers and producers.

Fellow countrymen: Some agree with us and say we have already installed productive capacity that is yet to be used, and we already have available sufficient foreign currency to continue growth and investment. However, they warn that the difficulties stem from public finances, as we would then be facing a large deficit that would soon lead the country to rapid inflation. I tell them the government always closely follows the evolution of the fiscal deficit. That is why I say the existing deficit can be managed and is in line with our needs for growth and investment. In fact, the economic deficit of the central government was equivalent to 2.9 percent of the GNP in 1986, and will be equivalent to approximately 4 percent of the GNP in 1987. The deficit can be handled and financed without affecting the credit the private sector requires. To understand the fiscal situation it is important to know that the current level of the government's cost is low compared with previous years. In fact, let us compare: The current capital expenditure of the central government in 1986 was equivalent to 15.8 percent of the GNP, and it will be even less in 1987. However, in 1975 [as heard], the expenditure was equivalent to 18 percent of the GNP. In 1983 it amounted to 19 percent of the GNP. Furthermore, between 1977 and 1980 it amounted to 20 percent of the GNP. Thus we have neither an excessive expenditure in terms of the GNP nor a growing expenditure in actual terms. The deficit we have is, more than anything else, a result of our low tax rates, also in relation to previous years.

Therefore it is necessary we realize that Peru has one of the lowest tax rates in Latin America. The actions the government took to pass from a speculative economy to a productive economy contributed to this, by reducing taxes in some cases and tariffs in others. This is also a result of the existence of a high number of persons and enterprises that evade tax payments and customs tariffs. Thus, the government has a source of greater fiscal resources, and to tap that source it will adopt the measures that seek to improve revenues by increasing the number of taxpayers and improving the administration and collection at customs.

Meanwhile, the hike in price of 84-octane gasoline by 26 percent and 95-octane gasoline by 29 percent will contribute to financing the recent increase of public salaries. Likewise, the increase in the price of domestic kerosene by 15 percent and gas by 20 percent, as the recent dispositions stipulate, will also contribute.

Selective consumer taxes will be increased on some goods made primarily with imported materials, or having a demand proportionally not consonant with wage hikes, or as our president said, in the case of nonessential goods. Therefore, through Executive Decree No 151-87 of the Economy and Finance Ministry, the government has increased selective consumer taxes on automobiles, luxury restaurants and hotels, beer, sodas, and other nonessential products.

In the same manner, to contribute to the financing of programs to help peasant communities and new towns where poverty is relatively high, through Executive Decree No 152-87 of the Economy and Finance Ministry, the government has established a special tax on income obtained through personal work exceeding 20,000 intis per month. This will be a temporary tax that will last until December 1987. The rates fluctuate between 2.5 and 3.5 percent, depending on the income level. Soon, taking into account the contributions received, exterior signs of wealth will also be taxed.

Compatriots: Many of you are wondering if the increases in wages in the selective consumer tax on some goods and services and in the foreign exchange surcharge affecting the import of nonessential goods will result in an increase in costs, which in turn will force prices higher. The answer is yes, but it will be only a moderate and temporary increase. The effects of the adjustments will be felt in July and August. However, beginning in September, as a result of the freezing of an exchange rate favoring more than 80 percent of our imports, the reduction in the active interest rate from 40 to 32 percent, and the lower production cost per unit resulting in a higher productivity, the price hikes should be less as the government has done its part. In other words, it has implemented an adequate exchange rate, a suitable interest rate, and a wage increase in accordance with the objectives mentioned before in the area of prduction, investment, and employment. It is now up to the businessmen, workers, and even housewives. In reality, the entire country should mobilize to fight inflation.

Compatriots: As I conclude this speech, I urge all of you to support the government's economic plan and contribute with your criticisms and recommendations. I am convinced Peru can resolve its problems. All of us in the government share this conviction. However, we also know this cannot be done exclusively with government action. First, the confidence of our businessman -- small, medium, and large -- is necessary. The time to invest is here, to meet the national demand of our popular sectors, which will not only increase this year but also during the next 3 years. It is also time to invest to expand our exports. In the same manner, the country needs sustained effort and the support of all workers in rural areas and cities, to increase production and productivity, which is the best way to ensure sustained growth of income derived from work. I also call upon our professional and intellectuals to undertake our development through their work and qualified opinion. With everyone's confidence and efforts, and with the rules of the game clearly established, I am sure our country will continue the journey we began on 28 July 1985, which seeks to reaffirm our independence, build our development, and achieve a more just society. Thank you.

SHINING PATH ATTACKS POLICE STATION IN ANCASH

PY231900 Lima Panamericana Television Network in Spanish 0330 GMT 23 Jul 87

[Text] A terrorist was killed and a policeman injured today in an extremist attack on a police station in Yautan, Ancash Department. At 0330, around 40 Shining Path members dynamited the police station in Yautan, 350 km north of Lima.

First Sergeant (Pedro Garcena Roserna), commander of the police station, was injured. A subversive, identified as Humberto Flores Rodriguez, 23, from Huaran, was killed in the ensuing confrontation between the subversives and five Civil Guards stationed at that post. After a 45-minute shoot-out the subversives escaped by way of a nearby riverbed.

The police recovered printed material; three homemade shotguns; some tubes used as bows; and plastic bags containing powder, bird shot, and fuses.

The 37th Civil Guard Command headquartered in this port immediately sent for reinforcements and has ordered that the roads be closed in an effort to capture the subversives.

POLICE ARREST 13 SHINING PATH 'TERRORISTS'

PA281312 Lima Television Peruana in Spanish 0100 GMT 25 Jul 87

[Excerpts] Thirteen terrorists, including four women, have been captured by the antiterrorist division of the Peruvian Investigative Police. The subversives under arrest reportedly are responsible for the latest attacks carried out in the capital.

It has been reported that the terrorists are recruiting common criminals.

[Begin recording of unidentified speaker] [Passage omitted] As we have said before, members of the Shining Path have been taken to El Fronton Prison because they had been recruiting common criminals in (Luigancho); this is why they were taken to El Fronton. This situation has continued because there is still some of that. [sentence as heard] [end recording]

GOVERNMENT SUSPENDS BANKING OPERATIONS FOR 3 DAYS

PA272303 Paris AFP in Spanish 1534 GMT 27 Jul 87

[Text] Lima, 27 Jul (AFP) -- Official sources confirmed today that the Peruvian Government has stopped all banking, financing, and stock-exchange operations in the country for 3 days, "with the objective of perfecting the economic policy."

This measure, taken last night and contained in a supreme decree published today by the official daily EL PERUANO, was issued with the purpose of "facilitating the perfection of the exchange system." For this purpose, the government considered "convenient to temporarily stop all operations of the national financial system, the Lima Stock Exchange, and the currency exchange agents." However, this measure exempts the National Bank, which will attend to normal operations of purchasing and selling foreign currency for non-resident travellers and for residents travelling to foreign countries, as well as other operations authorized by the Peruvian Central Reserve Bank. The operations that are included in the decree are banks, finance companies, mutuals, and other concerns that are supervised by the Bank and Insurance Superintendency, as well as the Lima Stock Exchange and the foreign currency exchange firms.

The popular parallel market, "the Creole Wall Street," centrally located in Ocona, where the dollar reached a record high of 58 units per dollar about a week ago, was closed by the police this morning.

Workers in this sector are enjoying a "bank holiday" that started today and will continue until Wednesday, as 28 and 29 July are Independence Day holidays. Many sectors of the population have found themselves without money because they waited until the last day before the holidays to make proper arrangements.

A communique issued by the presidency's press office noted that foreign currency operations will continue at the present exchange rates and the "government asks for the public's understanding and requests its support so better service can be rendered when operations start again."

The government presided over by President Alan Garcia -- who will give a state of the nation speech on 28 July from the Hall of Congress -- also declared a banking holiday, which allowed it to substantially change the economic situation prevailing in the country since the days of former President Fernando Belaunde.

BRIEFS

DRUG ARRESTS, CONFISCATION -- According to a communique isued by the Interior Ministry, through yesterday the authorities had arrested 111 drug traffickers and terrorists, including one Colombian citizen, in Alto del Guayabo. The communique adds that the authorities have confiscated 55 kg of cocaine paste and components for preparing cocaine paste, as well as some 3 million intis and more than $118,000. [Summary] [Lima Domestic Service in Spanish 1730 GMT 18 Jul 87 PA]